

AMENDED IN ASSEMBLY APRIL 18, 2002

AMENDED IN ASSEMBLY APRIL 2, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 2718

**Introduced by Assembly Member Oropeza
(Coauthors: Assembly Members Calderon and Pescetti)**

February 22, 2002

An act to amend ~~Sections 379.5 and 2827~~ *Section 379.5* of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2718, as amended, Oropeza. Oil producers.

~~(1) Existing~~

Existing law requires the Public Utilities Commission, in consultation with the Independent System Operator and the State Energy Resources Conservation and Development Commission, to adopt initiatives, on or before March 7, 2001, to reduce demand for electricity and reduce load during peak demand periods, including differential incentives for renewable or super clean distributed generation resources.

This bill would delete the March 7, 2001, deadline and would ~~define~~ *“super provide that differential incentives for renewable or super clean distributed generation resources”* ~~to~~ include fuel cells and microturbines operating on renewable energy ~~or on flared or otherwise wasted gas, as defined.~~

~~(2) Under existing law, electric service providers, as defined, are required to provide eligible customer generators, as defined, with net energy metering, as defined.~~

~~This bill would also require electric service providers to provide distributed generation systems, as defined, with net energy metering by expanding the definition of an eligible customer generator to include a distributed generation system. Since a violation of this provision would be a crime under existing provisions of law, the bill would impose a state-mandated local program by expanding the definition of a crime.~~

~~(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason. The bill would also provide that fuel cells and microturbines operating on flared or otherwise wasted gas, as defined, are also eligible for incentives under the level 1 incentive category established by the commission.~~

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~yes~~ no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 379.5 of the Public Utilities Code is
- 2 amended to read:
- 3 379.5. Notwithstanding any other provision of law, the
- 4 commission, in consultation with the Independent System
- 5 Operator, shall take all of the following actions, and shall include
- 6 the reasonable costs involved in taking those actions in the
- 7 distribution revenue requirements of utilities regulated by the
- 8 commission, as appropriate:
- 9 (a) (1) Identify and undertake those actions necessary to
- 10 reduce or remove constraints on the state's existing electrical
- 11 transmission and distribution system, including, but not limited to,
- 12 reconductoring of transmission lines, the addition of capacitors to
- 13 increase voltage, the reinforcement of existing transmission
- 14 capacity, and the installation of new transformer banks. The
- 15 commission shall, in consultation with the Independent System
- 16 Operator, give first priority to those geographical regions where
- 17 congestion reduces or impedes electrical transmission and supply.



(2) Consistent with the existing statutory authority of the commission, afford electrical corporations a reasonable opportunity to fully recover costs it determines are reasonable and prudent to plan, finance, construct, operate, and maintain any facilities under its jurisdiction required by this section.

(b) In consultation with the State Energy Resources Conservation and Development Commission, adopt energy conservation demand-side management and other initiatives in order to reduce demand for electricity and reduce load during peak demand periods. Those initiatives shall include, but not be limited to, all of the following:

(1) Expansion and acceleration of residential and commercial weatherization programs.

(2) Expansion and acceleration of programs to inspect and improve the operating efficiency of heating, ventilation, and air-conditioning equipment in new and existing buildings, to ensure that these systems achieve the maximum feasible cost-effective energy efficiency.

(3) Expansion and acceleration of programs to improve energy efficiency in new buildings, in order to achieve the maximum feasible reductions in uneconomic energy and peak electricity consumption.

(4) Incentives to equip commercial buildings with the capacity to automatically shut down or dim nonessential lighting and incrementally raise thermostats during a peak electricity demand period.

(5) Evaluation of installing local infrastructure to link temperature setback thermostats to real-time price signals.

(6) Incentives for load control and distributed generation to be paid for enhancing reliability.

(7) Differential incentives for renewable or super clean distributed generation resources. “Super clean distributed generation resources” shall include, but not be limited to, fuel cells and microturbines operating on renewable energy ~~or~~. *Fuel cells and microturbines operating on flared or otherwise wasted gas shall also be eligible for incentives under the level 1 incentive category as established by the commission in Decision 01-03-073, dated March 27, 2001.* “Wasted gas” includes gases generated as a byproduct of petroleum production operations that would otherwise be stranded or not utilized due to the unavailability of

1 an acceptable disposal method, or gas not utilized due to other
2 constraints. ~~These fuel cells and microturbines shall be eligible for~~
3 ~~incentives under the level 1 incentive category as established by~~
4 ~~the commission in Decision 01-03-073, dated March 27, 2001.~~

5 (8) Reevaluation of all efficiency cost-effectiveness tests in
6 light of increases in wholesale electricity costs and of natural gas
7 costs to explicitly include the system value of reduced load on
8 reducing market-clearing prices and volatility.

9 (c) In consultation with the Energy Resources Conservation
10 and Development Commission, adopt and implement a
11 residential, commercial, and industrial peak reduction program
12 that encourages electric customers to reduce electricity
13 consumption during peak power periods.

14 ~~SEC. 2.—Section 2827 of the Public Utilities Code, as amended~~
15 ~~by Section 11 of Chapter 8 of the 2001-02 First Extraordinary~~
16 ~~Session, is amended to read:~~

17 ~~2827.—(a) The Legislature finds and declares that a program~~
18 ~~to provide net energy metering for eligible customer-generators is~~
19 ~~one way to encourage substantial private investment in renewable~~
20 ~~energy resources, stimulate in-state economic growth, reduce~~
21 ~~demand for electricity during peak consumption periods, help~~
22 ~~stabilize California's energy supply infrastructure, enhance the~~
23 ~~continued diversification of California's energy resource mix, and~~
24 ~~reduce interconnection and administrative costs for electricity~~
25 ~~suppliers.~~

26 ~~(b) As used in this section, the following definitions apply:~~

27 ~~(1) "Electric service provider" means an electrical~~
28 ~~corporation, as defined in Section 218, a local publicly owned~~
29 ~~electric utility, as defined in Section 9604, or an electrical~~
30 ~~cooperative, as defined in Section 2776, or any other entity that~~
31 ~~offers electrical service.~~

32 ~~(2) "Eligible customer-generator" means a residential, small~~
33 ~~commercial customer as defined in subdivision (h) of Section 331,~~
34 ~~commercial, industrial, or agricultural customer of an electric~~
35 ~~service provider, who uses a solar or a wind turbine electrical~~
36 ~~generating facility, or a hybrid system of both, with a capacity of~~
37 ~~not more than one megawatt that is located on the customer's~~
38 ~~owned, leased, or rented premises, is interconnected and operates~~
39 ~~in parallel with the electric grid, and is intended primarily to offset~~
40 ~~part or all of the customer's own electrical requirements. "Eligible~~

customer-generator” also means a distributed generation system unit operating on flared or otherwise wasted gas, less than one megawatt in size. “Wasted gas” includes gases generated as a byproduct of petroleum production operations that would otherwise be stranded or not utilized due to the unavailability of an acceptable disposal method, or gas not utilized due to other constraints.

(3) “Net energy metering” means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (e). Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the electric service provider, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator pursuant to subdivision (e), or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter. An eligible customer-generator who already owns an existing solar or wind turbine electrical generating facility, or a hybrid system of both, is eligible to receive net energy metering service in accordance with this section.

(c) (1) Every electric service provider shall develop a standard contract or tariff providing for net energy metering, and shall make this contract available to eligible customer-generators, upon request.

(2) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 with an electric supplier that does not provide distribution service for the direct transactions, the service provider that provides distribution service

1 for an eligible customer-generator is not obligated to provide net
2 energy metering to the customer.

3 (3) If a customer participates in direct transactions pursuant to
4 paragraph (1) of subdivision (b) of Section 365 with an electric
5 supplier, and the customer is an eligible customer-generator, the
6 service provider that provides distribution service for the direct
7 transactions may recover from the customer's electric service
8 provider the incremental costs of metering and billing service
9 related to net energy metering in an amount set by the commission.

10 (d) Each net energy metering contract or tariff shall be
11 identical, with respect to rate structure, all retail rate components,
12 and any monthly charges, to the contract or tariff to which the same
13 customer would be assigned if such customer was not an eligible
14 customer-generator, except that eligible customer-generators shall
15 not be assessed standby charges on the electrical generating
16 capacity or the kilowatthour production of an eligible solar or wind
17 electrical generating facility. The charges for all retail rate
18 components for eligible customer-generators shall be based
19 exclusively on the customer-generator's net kilowatthour
20 consumption over a 12-month period, without regard to the
21 customer-generator's choice of electric service provider. Any new
22 or additional demand charge, standby charge, customer charge,
23 minimum monthly charge, interconnection charge, or other charge
24 that would increase an eligible customer-generator's costs beyond
25 those of other customers in the rate class to which the eligible
26 customer-generator would otherwise be assigned are contrary to
27 the intent of this legislation, and shall not form a part of net energy
28 metering contracts or tariffs.

29 (e) For eligible residential and small commercial
30 customer-generators, the net energy metering calculation shall be
31 made by measuring the difference between the electricity supplied
32 to the eligible customer-generator and the electricity generated by
33 the eligible customer-generator and fed back to the electric grid
34 over a 12-month period. The following rules shall apply to the
35 annualized net metering calculation:

36 (1) The eligible residential or small commercial
37 customer-generator shall, at the end of each 12-month period
38 following the date of final interconnection of the eligible
39 customer-generator's system with an electric service provider, and
40 at each anniversary date thereafter, be billed for electricity used

1 during that period. The electric service provider shall determine if
2 the eligible residential or small commercial customer generator
3 was a net consumer or a net producer of electricity during that
4 period.

5 (2) At the end of each 12-month period, where the electricity
6 supplied during the period by the electric service provider exceeds
7 the electricity generated by the eligible residential or small
8 commercial customer generator during that same period, the
9 eligible residential or small commercial customer generator is a
10 net electricity consumer and the electric service provider shall be
11 owed compensation for the eligible customer generator's net
12 kilowatthour consumption over that same period. The
13 compensation owed for the eligible residential or small
14 commercial customer generator's consumption shall be
15 calculated as follows:

16 (A) For all eligible customer generators taking service under
17 tariffs employing "baseline" and "over baseline" rates, any net
18 monthly consumption of electricity shall be calculated according
19 to the terms of the contract or tariff to which the same customer
20 would be assigned to or be eligible for if the customer was not an
21 eligible customer generator. If those same customer generators
22 are net generators over a billing period, the net kilowatthours
23 generated shall be valued at the same price per kilowatthour as the
24 electric service provider would charge for the baseline quantity of
25 electricity during that billing period, and if the number of
26 kilowatthours generated exceeds the baseline quantity, the excess
27 shall be valued at the same price per kilowatthour as the electric
28 service provider would charge for electricity over the baseline
29 quantity during that billing period.

30 (B) For all eligible customer generators taking service under
31 tariffs employing "time of use" rates, any net monthly
32 consumption of electricity shall be calculated according to the
33 terms of the contract or tariff to which the same customer would
34 be assigned to or be eligible for if the customer was not an eligible
35 customer generator. When those same customer generators are
36 net generators during any discrete time of use period, the net
37 kilowatthours produced shall be valued at the same price per
38 kilowatthour as the electric service provider would charge for
39 retail kilowatthour sales during that same time of use period. If the
40 eligible customer generator's time of use electrical meter is unable

1 to measure the flow of electricity in two directions, paragraph (3)
2 of subdivision (b) shall apply.

3 (C) For all residential and small commercial
4 customer generators and for each monthly period, the net balance
5 of moneys owed to the electric service provider for net
6 consumption of electricity or credits owed to the
7 customer generator for net generation of electricity shall be
8 carried forward until the end of each 12-month period. For all
9 commercial, industrial, and agricultural customer generators the
10 net balance of moneys owed shall be paid in accordance with the
11 electric service provider's normal billing cycle, except that if the
12 commercial, industrial, or agricultural customer generator is a net
13 electricity producer over a normal billing cycle, any excess
14 kilowatthours generated during the billing cycle shall be carried
15 over to the following billing period, valued according to the
16 procedures set forth in this section, and appear as a credit on the
17 customer generator's account, until the end of the annual period
18 when paragraph (3) of subdivision (e) shall apply.

19 (3) At the end of each 12-month period, where the electricity
20 generated by the eligible customer generator during the 12-month
21 period exceeds the electricity supplied by the electric service
22 provider during that same period, the eligible customer generator
23 is a net electricity producer and the electric service provider shall
24 retain any excess kilowatthours generated during the prior
25 12-month period. The eligible customer generator shall not be
26 owed any compensation for those excess kilowatthours unless the
27 electric service provider enters into a purchase agreement with the
28 eligible customer generator for those excess kilowatthours.

29 (4) The electric service provider shall provide every eligible
30 residential or small commercial customer generator with net
31 electricity consumption information with each regular bill. That
32 information shall include the current monetary balance owed the
33 electric service provider for net electricity consumed since the last
34 12-month period ended. Notwithstanding subdivision (e), an
35 electric service provider shall permit that customer to pay monthly
36 for net energy consumed.

37 (5) If an eligible residential or small commercial
38 customer generator terminates the customer relationship with the
39 electric service provider, the electric service provider shall
40 reconcile the eligible customer generator's consumption and

1 ~~production of electricity during any part of a 12-month period~~
2 ~~following the last reconciliation, according to the requirements set~~
3 ~~forth in this subdivision, except that those requirements shall apply~~
4 ~~only to the months since the most recent 12-month bill.~~

5 ~~(6) If an electric service provider providing net metering to a~~
6 ~~residential or small commercial customer-generator ceases~~
7 ~~providing that electrical service to that customer during any~~
8 ~~12-month period, and the customer-generator enters into a new net~~
9 ~~metering contract or tariff with a new electric service provider, the~~
10 ~~12-month period, with respect to that new electric service~~
11 ~~provider, shall commence on the date on which the new electric~~
12 ~~service provider first supplies electric service to the~~
13 ~~customer-generator.~~

14 ~~(f) A solar or wind turbine electrical generating system, or a~~
15 ~~hybrid system of both, used by an eligible customer-generator~~
16 ~~shall meet all applicable safety and performance standards~~
17 ~~established by the National Electrical Code, the Institute of~~
18 ~~Electrical and Electronics Engineers, and accredited testing~~
19 ~~laboratories such as Underwriters Laboratories and, where~~
20 ~~applicable, rules of the Public Utilities Commission regarding~~
21 ~~safety and reliability. A customer-generator whose solar or wind~~
22 ~~turbine electrical generating system, or a hybrid system of both,~~
23 ~~meets those standards and rules shall not be required to install~~
24 ~~additional controls, perform or pay for additional tests, or purchase~~
25 ~~additional liability insurance.~~

26 ~~(g) This section shall remain in effect only until January 1,~~
27 ~~2003, and as of that date is repealed, unless a later enacted statute,~~
28 ~~that is enacted before January 1, 2003, deletes or extends that date.~~

29 ~~SEC. 3. Section 2827 of the Public Utilities Code, as added by~~
30 ~~Section 12 of Chapter 8 of the 2001-02 First Extraordinary~~
31 ~~Session, is amended to read:~~

32 ~~2827. (a) The Legislature finds and declares that a program~~
33 ~~to provide net energy metering for eligible customer-generators is~~
34 ~~one way to encourage private investment in renewable energy~~
35 ~~resources, stimulate in-state economic growth, enhance the~~
36 ~~continued diversification of California's energy resource mix, and~~
37 ~~reduce interconnection and administrative costs for electricity~~
38 ~~suppliers.~~

39 ~~(b) As used in this section, the following definitions apply:~~

1 ~~(1) “Electric service provider” means an electric corporation,~~
2 ~~as defined in Section 218, a local publicly owned electric utility,~~
3 ~~as defined in Section 9604, or an electrical cooperative, as defined~~
4 ~~in Section 2776. “Electric service provider” also means an entity~~
5 ~~that offers electrical service to residential and small commercial~~
6 ~~customers, as defined in Section 394, if that entity offers net~~
7 ~~energy metering. Any entity that offers net energy metering to~~
8 ~~residential and small commercial customers shall comply with this~~
9 ~~section.~~

10 ~~(2) “Eligible customer-generator” means a residential~~
11 ~~customer, or a small commercial customer as defined in~~
12 ~~subdivision (h) of Section 331, of an electric service provider, who~~
13 ~~uses a solar or a wind turbine electrical generating facility, or a~~
14 ~~hybrid system of both, with a capacity of not more than 10~~
15 ~~kilowatts that is located on the customer’s premises, is~~
16 ~~interconnected and operates in parallel with the electric grid, and~~
17 ~~is intended primarily to offset part or all of the customer’s own~~
18 ~~electrical requirements. “Eligible customer-generator” also~~
19 ~~means a distributed generation system unit operating of flared or~~
20 ~~otherwise wasted gas, less than one megawatt in size. “Wasted~~
21 ~~gas” includes gases generated as a byproduct of petroleum~~
22 ~~production operations that would otherwise be stranded or not~~
23 ~~utilized due to the unavailability of an acceptable disposal method,~~
24 ~~or gas not utilized due to other constraints.~~

25 ~~(3) “Net energy metering” means measuring the difference~~
26 ~~between the electricity supplied through the electric grid and the~~
27 ~~electricity generated by an eligible customer-generator and fed~~
28 ~~back to the electric grid over a 12-month period as described in~~
29 ~~subdivision (c). Net energy metering shall be accomplished using~~
30 ~~a single meter capable of registering the flow of electricity in two~~
31 ~~directions. An additional meter or meters to monitor the flow of~~
32 ~~electricity in each direction may be installed with the consent of~~
33 ~~the customer-generator, at the expense of the electric service~~
34 ~~provider, and the additional metering shall be used only to provide~~
35 ~~the information necessary to accurately bill or credit the~~
36 ~~customer-generator pursuant to subdivision (c), or to collect solar~~
37 ~~or wind electric generating system performance information for~~
38 ~~research purposes. If the existing electrical meter of an eligible~~
39 ~~customer-generator is not capable of measuring the flow of~~
40 ~~electricity in two directions, the customer-generator shall be~~

1 responsible for all expenses involved in purchasing and installing
2 a meter that is able to measure electricity flow in two directions.
3 If an additional meter or meters are installed, the net energy
4 metering calculation shall yield a result identical to that of a single
5 meter. An eligible customer-generator who already owns an
6 existing solar or wind turbine electrical generating facility, or a
7 hybrid system of both, is eligible to receive net energy metering
8 service in accordance with this section.

9 (4) “Ratemaking authority” means, for an electrical
10 corporation as defined in Section 218, or an electrical cooperative
11 as defined in Section 2776, the commission, and for a local
12 publicly owned electric utility as defined in Section 9604, the local
13 elected body responsible for regulating the rates of the utility.

14 (c) (1) Every electric service provider shall develop a standard
15 contract or tariff providing for net energy metering, and shall make
16 this contract available to eligible customer-generators, upon
17 request, on a first-come-first-served basis until the time that the
18 total rated generating capacity used by eligible
19 customer-generators equals one-tenth of 1 percent of the electric
20 service provider’s aggregate customer peak demand.

21 (2) On an annual basis, beginning in 1999, every electric
22 service provider shall make available to the ratemaking authority
23 information on the total rated generating capacity used by eligible
24 customer-generators that are customers of that provider in the
25 provider’s service area. For those electric service providers who
26 are operating pursuant to Section 394, they shall make available
27 to the ratemaking authority the information required by this
28 paragraph for each eligible customer-generator that is their
29 customer for each service area of an electric corporation, local
30 publicly owned electric utility, or electrical cooperative, in which
31 the customer has net energy metering. The ratemaking authority
32 shall develop a process for making the information required by this
33 paragraph available to energy service providers, and for using that
34 information to determine when, pursuant to paragraph (3), a
35 service provider is not obligated to provide net energy metering to
36 additional customer-generators in its service area.

37 (3) Notwithstanding paragraph (1), an electric service provider
38 is not obligated to provide net energy metering to additional
39 customer-generators in its service area when the combined total
40 peak demand of all customer-generators served by all the electric

1 ~~service providers in that service area furnishing net energy~~
2 ~~metering to eligible customer generators equals one-tenth of 1~~
3 ~~percent of the aggregate customer peak demand of those electric~~
4 ~~service providers.~~

5 ~~(4) If a customer participates in direct transactions pursuant to~~
6 ~~paragraph (1) of subdivision (b) of Section 365 with an electric~~
7 ~~supplier that does not offer net energy metering and is therefore not~~
8 ~~an electric service provider, the customer is not an eligible~~
9 ~~customer generator and the electric corporation, as defined in~~
10 ~~Section 218, that provides distribution service for the direct~~
11 ~~transactions, is not obligated to provide net energy metering to the~~
12 ~~customer.~~

13 ~~(5) If a customer participates in direct transactions pursuant to~~
14 ~~paragraph (1) of subdivision (b) of Section 365 with an electric~~
15 ~~supplier that offers net energy metering and is therefore an electric~~
16 ~~service provider, and the customer is an eligible~~
17 ~~customer generator, the electric corporation, as defined in Section~~
18 ~~218, that provides distribution service for the direct transactions~~
19 ~~may recover from the customer's electric service provider the~~
20 ~~incremental costs of metering and billing service related to net~~
21 ~~energy metering in an amount set by the commission.~~

22 ~~(d) Each net energy metering contract or tariff shall be~~
23 ~~identical, with respect to rate structure, all retail rate components,~~
24 ~~and any monthly charges, to the contract or tariff to which the same~~
25 ~~customer would be assigned if such customer was not an eligible~~
26 ~~customer generator. The charges for all retail rate components for~~
27 ~~eligible customer generators shall be based exclusively on the~~
28 ~~customer generator's net kilowatthour consumption over a~~
29 ~~12-month period, without regard to the customer generator's~~
30 ~~choice of electric service provider that offers net energy metering~~
31 ~~and is subject to this section pursuant to paragraph (1) of~~
32 ~~subdivision (b), in accordance with subdivision (c). Any new or~~
33 ~~additional demand charge, standby charge, customer charge,~~
34 ~~minimum monthly charge, interconnection charge, or other charge~~
35 ~~that would increase an eligible customer generator's costs beyond~~
36 ~~those of other customers in the rate class to which the eligible~~
37 ~~customer generator would otherwise be assigned are contrary to~~
38 ~~the intent of this legislation, and shall not form a part of net energy~~
39 ~~metering contracts or tariffs.~~

~~(c) The net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electric grid over a 12-month period. The following rules shall apply to the annualized net metering calculation:~~

~~(1) The eligible customer-generator shall, at the end of each 12-month period following the date of final interconnection of the eligible customer-generator's system with an electric service provider, and at each anniversary date thereafter, be billed for electricity used during that period. The electric service provider shall determine if the eligible customer-generator was a net consumer or a net producer of electricity during that period.~~

~~(2) At the end of each 12-month period, where the electricity supplied during the period by the electric service provider exceeds the electricity generated by the eligible customer-generator during that same period, the eligible customer-generator is a net electricity consumer and the electric service provider shall be owed compensation for the eligible customer-generator's net kilowatthour consumption over that same period. The compensation owed for the eligible customer-generator's net 12-month kilowatthour consumption shall be calculated as follows:~~

~~(A) For eligible customer-generators taking service under tariffs employing "baseline" and "over baseline" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not an eligible customer-generator. If those same customer-generators are net generators over a billing period, the net kilowatthours generated shall be valued at the same price per kilowatthour as the electric service provider would charge for the baseline quantity of electricity during that billing period, and if the number of kilowatthours generated exceeds the baseline quantity, the excess shall be valued at the same price per kilowatthour as the electric service provider would charge for electricity over the baseline quantity during that billing period.~~

~~(B) For eligible customer-generators taking service under tariffs employing "time of use" rates, any net monthly consumption of electricity shall be calculated according to the~~

1 terms of the contract or tariff to which the same customer would
2 be assigned to or be eligible for if the customer was not an eligible
3 customer-generator. When those same customer-generators are
4 net generators during any discrete time of use period, the net
5 kilowatthours produced shall be valued at the same price per
6 kilowatthour as the electric service provider would charge for
7 retail kilowatthour sales during that same time of use period. If the
8 eligible customer-generator's time of use electrical meter is unable
9 to measure the flow of electricity in two directions, paragraph (3)
10 of subdivision (b) shall apply.

11 (C) For all customer-generators and for each monthly period,
12 the net balance of moneys owed to the electric service provider for
13 net consumption of electricity or credits owed to the
14 customer-generator for net generation of electricity shall be
15 carried forward until the end of each 12-month period.

16 (3) At the end of each 12-month period, where the electricity
17 generated by the eligible customer-generator during the 12-month
18 period exceeds the electricity supplied by the electric service
19 provider during that same period, the eligible customer-generator
20 is a net electricity producer and the electric service provider shall
21 retain any excess kilowatthours generated during the prior
22 12-month period. The eligible customer-generator shall not be
23 owed any compensation for those excess kilowatthours unless the
24 electric service provider enters into a purchase agreement with the
25 eligible customer-generator for those excess kilowatthours.

26 (4) The electric service provider shall provide every eligible
27 customer-generator with net electricity consumption information
28 with each regular bill. That information shall include the current
29 monetary balance owed the electric service provider for net
30 electricity consumed since the last 12-month period ended.
31 Notwithstanding subdivision (e), an electric service provider shall
32 permit that customer to pay monthly for net energy consumed.

33 (5) If an eligible customer-generator terminates the customer
34 relationship with the electric service provider, the electric service
35 provider shall reconcile the eligible customer-generator's
36 consumption and production of electricity during any part of a
37 12-month period following the last reconciliation, according to the
38 requirements set forth in this subdivision, except that those
39 requirements shall apply only to the months since the most recent
40 12-month bill.

1 ~~(6) If an electric service provider providing net metering to a~~
2 ~~customer-generator ceases providing that electrical service to that~~
3 ~~customer during any 12-month period, and the customer-generator~~
4 ~~enters into a new net metering contract or tariff with a new electric~~
5 ~~service provider, the 12-month period, with respect to that new~~
6 ~~electric service provider, shall commence on the date on which the~~
7 ~~new electric service provider first supplies electric service to the~~
8 ~~customer-generator.~~

9 ~~(f) A solar or wind turbine electrical generating system, or a~~
10 ~~hybrid system of both, used by an eligible customer-generator~~
11 ~~shall meet all applicable safety and performance standards~~
12 ~~established by the National Electrical Code, the Institute of~~
13 ~~Electrical and Electronics Engineers, and accredited testing~~
14 ~~laboratories such as Underwriters Laboratories and, where~~
15 ~~applicable, rules of the Public Utilities Commission regarding~~
16 ~~safety and reliability. A customer-generator whose solar or wind~~
17 ~~turbine electrical generating system, or a hybrid system of both,~~
18 ~~meets those standards and rules shall not be required to install~~
19 ~~additional controls, perform or pay for additional tests, or purchase~~
20 ~~additional liability insurance.~~

21 ~~(g) This section shall become operative on January 1, 2003.~~

22 ~~SEC. 4. No reimbursement is required by this act pursuant to~~
23 ~~Section 6 of Article XIII B of the California Constitution because~~
24 ~~the only costs that may be incurred by a local agency or school~~
25 ~~district will be incurred because this act creates a new crime or~~
26 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
27 ~~for a crime or infraction, within the meaning of Section 17556 of~~
28 ~~the Government Code, or changes the definition of a crime within~~
29 ~~the meaning of Section 6 of Article XIII B of the California~~
30 ~~Constitution.~~